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SUBJECT: NIGERIA: SCENESETTER FOR CODEL BERMAN (JUNE 2008)

SENSITIVE BUT UNCLASSIFIED. PROTECT ACCORDINGLY.

#### Introduction

1. (SBU) U.S. Mission Nigeria warmly welcomes Congressman Howard Berman and his Congressional delegation to Abuja. Your visit comes just after President Umaru Musa Yar'Adua has completed his first year in office. Though the President came to power through deeply flawed elections in April 2007, he has been praised by many Nigerians and the international community for his pledges to reform Nigeria's political system, improve the economy, and instill a culture of respect for the rule of law. However, after one year of his administration, observers are growing restless to see Yar'Adua's positive rhetoric translate into tangible results.

A May 2008 opinion poll indicated that President Yar'Adua's popularity dropped to approximately 48% from its high of over 70% in September 2007. The Yar'Adua government inherited many serious challenges. Decades of unaccountable rule suppressed Nigeria's democratic institutions, eroded health and education infrastructure, failed to combat HIV/AIDS, and impoverished the population. Revenues from crude oil, virtually the country's only meaningful export, amount to just a dollar a day for each of Nigeria's 145 million people, and most of this has disappeared into the hands of a very small, corrupt elite. An ongoing crisis in electricity generation and delivery has crippled the relatively tiny manufacturing sector. Despite successful macroeconomic reforms in recent years, most Nigerians live in poverty. Stability and security in the North (where most of Nigeria's estimated 70 million Muslims live) and the oil and gas-producing Niger Delta region are challenged by poor governance, corruption, and communal conflict. The people of Nigeria are starting to lose patience, and the Yar'Adua administration is under significant pressure to make needed reforms soon.

#### Politics of the Moment

2. (SBU) Nigeria had its third consecutive general election in April 2007, and in May 2007 President Yar'Adua of the ruling People's Democratic Party (PDP) assumed office. Despite major flaws in the April 2007 elections, the transition from Olusegun Obasanjo to Umaru Yar'Adua was the first successful civilian-to-civilian transfer of power in Nigeria's history: a noteworthy achievement. However, most independent foreign and domestic observers agreed that the

election which brought Yar'Adua to power was deeply flawed. Two opposition candidates filed challenges to the outcome, and although President Yar'Adua's election was upheld in February 2008 by the Presidential Election Tribunal, his challengers have appealed that decision to the Supreme Court.

It is not certain when the Supreme Court will rule on the case, though many observers suggest it may be as soon as August or as late as October 2008. Until the conclusion of the electoral challenge, President Yar'Adua's tenure in office is not truly secure, and this may be affecting his government's performance.

13. (SBU) The President himself has admitted that his election was flawed, and in August 2007 he established a 22-member Electoral Reform Commission (ERC) which is charged with making recommendations to improve future elections in Nigeria. The USG as well as several other donor partners have helped fund technical assistance workshops for the ERC. The ERC was somewhat quiet during its first six months, but has become more visible during the past two months as it conducts a series of public hearings around the country. The ERC is expected to present its findings in August 2008. However, many observers believe that even if the President is genuinely committed to electoral reform, he will not take any significant actions on that front until the challenge to his own election has concluded and his tenure is secured.

13. (SBU) President Yar'Adua is reportedly planning to reshuffle his cabinet soon. Several key presidential advisors resigned or retired recently, most of whom were holdovers from the Obasanjo administration. It is not clear

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when the cabinet changes will be announced. It is possible that this too is on hold until after the Supreme Court rules on the validity of the presidential election.

14. (U) Both the National Assembly and the courts have enjoyed greater freedom from executive interference under Yar'Adua than his predecessor. The National Assembly has used this freedom to hold hearings on areas of concern, including suspicious sales of land by the government in the Federal Capital Territory (FCT) and lack of improvement in the power supply despite the previous government's allocation of billions of dollars for power projects. The National Assembly seems to be taking its oversight role more seriously, though the institution is still quite weak in comparison to the executive branch. The Assembly is very interested in building relationships with the U.S. Congress as it looks to develop institutional capacity. The Nigerian judiciary has been lauded by the public for its increasing independence. Courageous judges have overturned six gubernatorial elections and dozens of National Assembly seats. However, some cases are still before the courts, and there are some credible allegations of bribery of certain judges; in addition, all of Nigeria's criminal courts are seriously backlogged.

15. (SBU) Part of President Yar'Adua's pledge to instill respect for the rule of law is continuing Nigeria's anti-corruption efforts, which are most visibly led by the Economic and Financial Crimes Commission (EFCC). Though many observers were pleased that the EFCC seemed invigorated in the early days of the new administration, bringing charges against six former governors and investigating many other governors and high-ranking former public officials, progress has slowed since early 2008. The government removed the internationally recognized head of the EFCC, Nuhu Ribadu, in late December 2007. Since then, ongoing cases seem to have stalled. The President appointed a new EFCC Chairwoman, Farida Waziri, in May 2008, and we look forward to seeing how the agency performs under her leadership. However, some observers have expressed concerns about possible conflicts of interest because Mrs. Waziri is reportedly close to some of the accused governors currently under EFCC investigation.

## Nigeria's Role on the World Stage

¶6. (U) Nigeria is a major contributor to African peacekeeping initiatives. It currently has troops in Darfur and has pledged to send a battalion to Somalia. You may wish to offer condolences to government officials, as Nigeria lost 46 soldiers from one of its Darfur peacekeeping battalions in a road accident (while the soldiers were back in Nigeria and en route to their home base) in May 2008. Nigeria is the major player in the Economic Community of West African States (ECOWAS), and the headquarters of the regional organization is in Abuja. Nigeria has the largest population in Africa (reportedly 145 million) and rightly sees itself as a leader not only in the continent but in world affairs. Nigeria has campaigned for United Nations reform and believes it deserves a permanent seat on the UN Security Council. President Yar'Adua had a very successful visit to Washington in December 2007, which included a White House meeting with President Bush. He visited France and South Africa in June ¶2008. Both President Yar'Adua and Foreign Minister Maduekwe will be in Sharm El-Sheikh, Egypt for an African Union Summit meeting during your delegation's visit to Abuja, but we expect that you will be able to meet with the Vice President, Dr. Goodluck Jonathan. Both the President and the Foreign Minister have made public statements in June 2008 calling for free and fair elections in Zimbabwe. Under direction from Yar'Adua, the Foreign Minister has been in regular touch with his counterparts on encouraging the GOZ to do the right thing on elections. Former Nigerian Head of State General Yakubu Gowon is scheduled to lead a 30-member ECOWAS delegation to observe Zimbabwe's June 27th run-off poll. (Note: Given the June 22 announcement that the opposition has pulled out of the Zimbabwean election, it is unclear whether the ECOWAS observer delegation will still proceed to Zimbabwe. End note.)

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## Niger Delta

¶7. (SBU) For several years, criminal gangs and militant groups have attacked individuals and property in the volatile Niger Delta region. Upon assuming office, President Yar'Adua pledged to make resolving the Niger Delta crisis a top priority. He acknowledged the need for greater security, infrastructure development, and job creation in the oil-producing region and pledged to hold a Niger Delta summit early in his administration. One year later, that summit has not yet happened, though plans are underway for a "Consultative Steering Committee" to begin discussions on the Niger Delta to be led by Ibrahim Gambari, a Nigerian citizen who is scheduled to be on leave of absence from his position as UN Undersecretary General for this purpose. However, many Niger Delta stakeholders have decried Gambari's upcoming role. This Committee may begin to meet in July or August ¶2008. In the mean time, attacks by criminals or militants (some of whom claim to be part of an amorphous umbrella group called MEND - the Movement for the Emancipation of the Niger Delta) on pipelines, oil platforms, and other infrastructure as well as kidnappings of both Nigerians and expatriates continue to disrupt oil production. On June 19, a group of militants attacked Shell's Bonga field 75 miles offshore of Bayelsa state. The attack shut-in the field's production (approximately 200,000 barrels per day); in a related incident, the same group kidnapped an American citizen. (Note: The American was released by his captors the next day. End Note.) Another group of suspected militants blew up an oil pipeline near Chevron's Escravos terminal on June 21, temporarily halting 120,000 barrels per day of production. Reports are that Nigeria is losing approximately USD 84 million per day on shut-in oil production. On June 23, a spokesman claiming to represent the fractious MEND sent a message to the press claiming it is ready to begin a "unilateral cease fire" until further notice. (Note: MEND is a term used loosely by a number of factional groups with both political and criminal elements. End note.) The initial

patience shown by various militants to the new administration in their first months in office is definitely wearing thin.

#### The Economy/Global Food Crisis

18. (SBU) The Yar'Adua administration inherited solid macroeconomic figures and over the last 12 months those figures have stayed steady. According to the International Monetary Fund (IMF), Nigeria's real GDP growth was 6% in 2006, and 6.3% in 2007, with 9% forecast for 2008. Inflation remains in the (high) single digits (about 9.4%) and fiscal restraint has been maintained in the 2008 budget. Despite the strong macroeconomic figures, the trade regime and investment climate have not improved. Nigeria has failed to uphold its commitments to the World Trade Organization and continues to have high tariffs and bans on a number of imports, including agricultural products and packaging materials. Job creation and new investment are still hampered by infrastructure problems, legal barriers to market access, high interest rates and lack of investor confidence in the rule of law.

19. (U) Though there have not yet been major food shortages in Nigeria, prices for staples such as rice, maize, and millet have doubled since December 2007. High world prices for commodities are compounded by shrinking production in Nigeria due to lack of fertilizer and trade policies that either ban outright the import of staple food items or impose high import tariffs on agricultural products. However, in May 2008 the GON agreed to lift the duty on imported rice for a six month period and released funds for the purchase of 500,000 metric tons of rice. As expected, this has improved supply and at lqt temporarily reduced rice prices in the country.

#### PEPFAR Nigeria

10. (U) Nigeria is the third-largest focus country for the President's Emergency Plan for AIDS Relief (PEPFAR).

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PEPFAR/Nigeria is jointly managed by USAID, CDC, and DOD and the program is implemented by over 40 prime partners. In 2008, PEPFAR/Nigeria is receiving \$450 million to increase access to anti-retroviral therapy, prevention activities, and HIV-related care throughout the country. As of April 2008, USG-funded implementing partners are providing treatment to 150,000 Nigerians. Over the last 5 years, more than 2.5 million Nigerians have received HIV counseling and testing services from PEPFAR-supported programs. The PEPFAR/Nigeria team has put significant effort into building the capacity of local NGOs and we are proud to have 10 Nigerian NGOs among our 40 prime partners. We and our partners work in close collaboration with the GON to implement PEPFAR and on the upcoming submission of the country's Global Fund Round 8 proposal.

11. (U) Nigeria's large population and ethnic diversity have posed challenges to the PEPFAR program since the characteristics of the HIV/AIDS epidemic can vary substantially by region. In collaboration with the GON we have worked to define Nigeria's epidemic more clearly with research and surveillance activities, such as the 2007 Integrated Bio-Behavior Surveillance Survey and the Antenatal Clinic Surveillance project, to better target our HIV programming. Thus far, PEPFAR/Nigeria's reach has been limited and we recognize the need to leverage resources from the GON and other donors to achieve the GON's goal of universal access to prevention, care, and treatment services. In 2009, we hope to receive approval from the Office of the Global AIDS Coordinator (OGAC) in the Department of State to begin dialogue with our GON counterparts concerning the development of a compact to facilitate the continued growth of joint programs through the commitment of GON funds.

Other Foreign Assistance

## Priorities and Activities

¶12. (U) The U.S. foreign assistance program in Nigeria is crafted to meet the strategic goals of accountable governance, economic growth and prosperity, a healthy and well-educated population, and peace and security through best practices development programs that enhance the image of the United States. To establish firmer foundations for democratic governance in Nigeria, the USG promotes partnerships between state and local governments and civil society to improve public expenditure management, public procurement, and service delivery at the local level; strengthen legislative institutions and build their capacity to combat corruption; support the Electoral Reform Committee to consult with Nigerian stakeholders and draft electoral reform legislation; and increase the capacity of civil society organizations and the media to press for targeted policy reforms, focusing on extractive industries and anti-corruption. To grow the economy and build livelihoods, the USG program promotes Intellectual Property Rights and strengthens the international framework that supports trade and investment. We expand the pool of credit and investment open to individuals and small enterprises; improve the policy environment for agriculture; increase market-driven agricultural productivity and rural incomes to reduce dependence on food imports; and support policy reforms to ensure that constraints affecting micro and small enterprise operations and competitiveness are eased.

¶13. (U) Given the high child mortality rates, soaring population, and poor educational quality, assisting Nigeria to improve the lives of its people is central to the USG program. Tuberculosis and malaria prevention and treatment, routine immunization against childhood illnesses, including polio, and increased access to maternal and newborn health interventions help reduce the annual burden of a million or more preventable young child deaths. (Note: Nigeria is one of only four remaining countries with endemic polio, and this is of particular concern because Nigeria's rate of infection is growing, many transmissions are of the more virulent "type 1" strain, and Nigeria is exporting cases to other African countries. President Yar'Adua and many other political and traditional leaders are aware of the problems with polio

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eradication and are engaged on the issue. In addition to our support for vaccination programs, the USG continues to engage the government and traditional leaders to encourage Nigeria's polio eradication efforts. End note.) USG programs expand access to quality voluntary family planning services to reduce population growth. USG assistance improves the quality of basic education by training teachers, providing instructional materials, and engaging community institutions such as parent-teacher associations. We also address poor enrollment and attendance rates for girls in Northern Nigeria, and support the integration of secular subjects into the curriculum of Qur'anic schools.

¶14. (U) Nigeria plays a significant role in African regional affairs through its leadership in the African Union, ECOWAS, and other regional efforts. USG investments in peace and security help Nigeria sustain oil production, conduct peacekeeping operations, and deal with potential and actual threats from terrorism, narcotics, and money laundering activities. Conflict mitigation and reconciliation activities target vulnerable youth and provide for interfaith mediation, focusing on the volatile Northern and Niger Delta regions of the country.

¶15. (U) Partnership and collaboration with the GON, the private sector, civil society, and the donor community is a cornerstone of the USG approach. We will sign Memoranda of Understanding with reform-minded states and will focus development interventions primarily in those states, integrating our efforts and our strategic approach with those of the World Bank and the UK's Department for International

Development. Over the next five years, we expect to leverage both private sector resources and host country contributions to achieve our foreign assistance objectives in Nigeria.

SANDERS